

## Message Text

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43

ACTION EUR-12

INFO OCT-01 ISO-00 LAB-04 SIL-01 EB-07 PM-03 NSC-05 SP-02

SS-15 CIAE-00 DODE-00 INR-07 NSAE-00 PA-01 USIA-06

PRS-01 COME-00 TRSE-00 L-02 SAM-01 /068 W

----- 093825

R 191125Z FEB 75

FM AMEMBASSY STOCKHOLM

TO SECSTATE WASHDC 3967

INFO AMEMBASSY COPENHAGEN

AMEMBASSY HELSINKI

AMEMBASSY OSLO

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E.O. 11652: N A

TAGS: ELAB, SW

SUBJECT: CENTRAL NEGOTIATIONS RUN INTO HEAVY WEATHER

REF: STOCKHOLM A-399, DECEMBER 6, 1974

SUMMARY:

1. SWEDEN'S RENOWNED CENTRAL LABOR-MANAGEMENT NEGOTIATING SYSTEM IS RUNNING INTO SEVERE DIFFICULTIES ON UNION SIDE DURING CURRENT BARGAINING ROUND AND THESE DRAMATIZE BUILDUP OVER YEARS OF CENTRIFUGAL PRESSURES THAT THREATEN SYSTEM'S SURVIVAL IN PRESENT FORM. END SUMMARY.

2. TWO WEEKS AGO, WHITE-COLLAR BARGAINING CARTEL BROKE UP IN ATMOSPHERE OF BITTER RECRIMINATION DUE INABILITY OF CONSTITUENT UNIONS TO CONCERT BARGAINING STRATEGY AND WAGE DEMANDS. ANOTHER AND HARDER BLOW WAS DELIVERED SEVERAL DAYS AGO WHEN TRANSPORT WORKERS UNION LED BY TOUGH MAVERICK HANS ERICSON, FREQUENTLY DESCRIBED AS SWEDEN'S JIMMY HOFFA, SUDDENTLY THREATENED TO PULL OUT OF LO'S BARGAINING CONSTELLATION AND NEGOTIATE SEPARATELY. ERICSON VOICED STRONG DISSATISFACTION WITH FIVE CENTS PER HOUR WAGE

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IMPROVEMENT KITTY (WHICH CAN BE UTILIZED IN VARIOUS WAYS AT DISCRETION OF NATIONAL UNIONS). THIS IS SOLE INTERIM AGREEMENT REACHED

TO-DATE BETWEEN LO AND SAF OF PROLONGED, STEP-BY-STEP AND FAR FROM COMPLETED TALKS THAT BEGAN IN NOVEMBER. ERICSON ALSO INSISTED ON RETAINING RIGHT-TO-STRIKE DURING INDUSTRY LEVEL NEGOTIATIONS. DECISION TO STRIKE OR LOCK OUT IS PREROGATIVE ONLY OF LO AND SAF IF CENTRAL NEGOTIATIONS BREAK DOWN.

3. ALMOST UNAVOIDABLY OVER PAST COUPLE OF DECADES, CENTRAL BARGAINING SYSTEM HAS UNDERGONE PROGRESSIVELY HEAVIER STRAINS AS LO AND SAF HAVE STRIVEN TO ACCOMMODATE EVER INCREASING NUMBER, DIVERSITY AND COMPLEXITY OF ISSUES WITHIN FRAMEWORK OF ONE NATIONAL CONTRACT, AND TO SATISFY WIDELY VARYING AND OFTEN CONFLICTING NEEDS AND DEMANDS OF UNSKILLED, SEMI-SKILLED AND SKILLED WORKERS, AND WORKERS IN HIGH-PROFIT AS WELL AS LOW-PROFIT INDUSTRIES AND FIRMS. OUT OF IDEALISM AND IN ORDER GIVE POINT TO WHOLE EXERCISE, LO HAS STUBBORNLY PURSUED ITS WAGE SOLIDARITY POLICY AND THIS HAS EMERGED AS ONE OF MAIN PROBLEMS IN NEGOTIATION AFTER NEGOTIATION. BASIC AIM OF POLICY IS TO RAISE INCOME OF LOW-PAID AT FASTER RATE THAN HIGH-PAID. PURPOSE IS NOT TO EQUALIZE ALL WAGES BUT TO GAIN MORE EQUITABLE RELATIONSHIP BETWEEN THOSE EMPLOYED IN PROFITABLE AND NOT-SO-PROFITABLE FIRMS AND INDUSTRIES. HOWEVER, WHILE POLICY HAS CREATED PROBLEMS, ITS ACHIEVEMENTS HAVE BEEN MINIMAL. SINCE INTRODUCED, WAGE GAP BETWEEN TOP AND BOTTOM HAS NARROWED NO MORE THAN 1-2 PERCENT. INEXORABLY, WAGE DRIFT, THAT IS, INCREASES GRANTED BY COMPANIES TO INDIVIDUALS OR GROUPS OF WORKERS OVER AND ABOVE NEGOTIATED RATES, HAVE MAINTAINED TRADITIONAL DIFFERENTIALS. WAGE DRIFT IN 1974 WAS ESTIMATED TO HAVE REACHED MAGNITUDE OF 11-13 PERCENT FOR BLUE-COLLAR WORKERS.

4. IN ADDITION TO FOREGOING, CRITICS OF CENTRAL BARGAINING CLAIM IT HAS BUREAUCRATIZED AND OSSIFIED TRADE UNION MOVEMENT TO POINT WHERE IT HAS BECOME DIVORCED FROM AND INDIFFERENT TO EVERY-DAY PROBLEMS ON SHOP FLOOR. THIS HAS BEEN GIVEN AS EXPLANATION FOR UNUSUAL NUMBER OF WILD-CAT STRIKES THAT HAVE ERUPTED DURING PAST YEAR.

5. NOBODY MUCH DOUBTS THAT NEW CENTRAL CONTRACT, PROBABLY OF TWO YEARS DURATION, WILL BE CONCLUDED WITHIN NEXT MONTH OR TWO. PRESSURE OF GOVERNMENT AND FEARED CONSEQUENCES OF ABANDONING WELL-LIMITED OFFICIAL USE  
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ESTABLISHED AND STILL FUNCTIONING INSTITUTION PRETTY WELL ENSURE THIS OUTCOME. HOWEVER, REAL QUESTION EXISTS WHETHER FUTURE AGREEMENTS OF THIS NATURE CAN BE CONCLUDED WITHOUT SUBSTANTIAL CHANGES IN PRESENT RULES AND PRACTISES.  
STRAUSZ-HUPE

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## Message Attributes

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